

BEFORE THE ARKANSAS SECURITIES COMMISSIONER**CASE NO. S-15-0017****ORDER NO. S-15-0017-15-OR01****IN THE MATTER OF****THE BULLION GROUP, INC.; and
LUIS MANUEL PINEDA****RESPONDENTS****CEASE AND DESIST ORDER**

On June 9, 2015, the Staff of the Arkansas Securities Department ("Staff") filed its Request for Cease and Desist Order ("Request"). In its Request, the Staff states that it has certain information and evidence indicating that The Bullion Group, Inc. and Luis Manuel Pineda have violated provisions of the Arkansas Securities Act ("Act"), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner ("Commissioner") has reviewed the Request and based upon the representations made therein finds that:

FINDINGS OF FACT

The Request contains the following representations of fact:

1. The Bullion Group, Inc. ("The Bullion Group") was a Florida corporation having a principal place of business located at 407 Lincoln Road, Suite 2B, Miami Beach, Florida 33139. The Bullion Group was administratively dissolved by the Florida Division of Corporations on September 26, 2014. The Bullion Group has never been registered with the Arkansas Securities Department ("Department") in any capacity pursuant to the Act.
2. Luis Manuel Pineda ("Pineda") is an individual currently residing in the state of Florida. Pineda was the president and registered agent of The Bullion Group. Pineda has never been registered with the Department in any capacity pursuant to the Act.
3. In April of 2015, Luis Pineda contacted Arkansas Resident One ("AR1") by phone to pitch an investment in The Bullion Group. Pineda represented that The Bullion Group was a

company specializing in the trade of gold and other precious metals. According to Pineda, he needed to raise capital to help with the startup costs of the company. In return for a capital contribution, Pineda offered to pay AR1 a weekly commission based on the sales produced by The Bullion Group.

4. On April 27, 2015, Pineda entered into an Investment Agreement (“Agreement”) with AR1 on behalf of The Bullion Group. Under the terms of the Agreement, AR1 would make an initial investment of \$33,300.00 with The Bullion Group in exchange for 10% commissions of the weekly sales produced by the company. Pineda executed the Agreement on behalf of The Bullion Group under the signature section labeled “Investee.” AR1 executed the Agreement under the signature section labeled “Investor.” A redacted copy of the Agreement was attached to the Request as Exhibit “A” and incorporated therein by reference for all purposes.

APPLICABLE LAW

5. Ark. Code Ann. § 23-42-102(17)(A)(xi) includes investment contracts under the Act’s definition of a security.

6. Ark. Code Ann. § 23-42-102(10) defines issuer as any person who issues any security.

7. Ark. Code Ann. § 23-42-301(a) provides that it is unlawful for any person to transact business as an agent of an issuer of securities without first being registered as such pursuant to the Act.

8. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security unless it is registered, exempt, or a covered security.

CONCLUSIONS OF LAW

9. The subject investment transaction whereby AR1 invested money with The Bullion Group and was due to receive a return based solely on the efforts of the company is an investment contract as defined by Ark. Code Ann. § 23-42-102(17)(A)(xi). The transaction was promoted, offered, and sold on the premise that the investor would receive an economic benefit in the form of commissions to be paid from the sales of the company. The money invested was always subject to the risk that the Respondents would not fulfill promises and pay the return as advertised. The investor had no control over the sales process necessary to generate returns on the investment. There is no other set of laws or regulations which offer protection to the investor other than the applicable securities laws. The investment transaction was packaged, advertised, marketed, and sold as the type of investment that the Act is intended to govern. Therefore, the subject transaction is an investment contract under Ark. Code Ann. § 23-42-102(17)(A)(xi).

10. The security sold by The Bullion Group and Pineda was not registered with the Department, exempt from registration with the Department, or a covered security. Therefore, The Bullion Group and Pineda violated Ark. Code Ann. § 23-42-501 when they sold the subject security to AR1.

11. The Bullion Group is an issuer as defined by Ark. Code Ann. § 23-42-102(10). The facts set out above demonstrate that Pineda represented The Bullion Group in effecting or attempting to effect the purchases or sales of securities to investors. Therefore, Pineda acted as an unregistered agent of an issuer in violation of Ark. Code Ann. § 23-42-301(a).

ORDER

12. Respondents shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-501, and refrain from soliciting, offering, and/or selling securities in Arkansas

unless the securities are properly registered pursuant to the Act, exempt from such registration, or a covered security.

13. Respondent Pineda shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-301, and refrain from acting as an agent of the issuer until such time as he is properly registered or shown to be exempt from registration pursuant to the Act.

14. The Staff shall continue its investigation into The Bullion Group and Pineda, as well as any related persons or entities, to determine what, if any, other violations of the Act or Rules have occurred.

15. A hearing on this Cease and Desist Order shall be held if requested by any of the Respondents in writing within thirty days of the entry of this Order or if otherwise ordered by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2)(A). Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

16. If no hearing is requested and none is ordered by the Commissioner, this Cease and Desist Order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2)(B).

Dated this 9th day of June, 2015.


B. Edmond Waters
Arkansas Securities Commissioner